

# MANUFACTURING EXTENSION PARTNERSHIP

## Success Stories from the Field

### Terog Manufacturing

Minnesota Technology Inc.

#### Terog Manufacturing Is On A Roll After Embracing Lean Manufacturing Concepts

##### Client Profile:

Terog Manufacturing, Inc. makes metal parts for a variety of uses in agricultural equipment. Its products include rollers, clutches, sprockets, bearing holders, and torque limiters. The company is known for its Black Ace Quality parts, which improve the efficiency of older and new machinery. The company employs 30 people and is one of the largest employers in Stephen, Minnesota.

##### Situation:

Terog Manufacturing's managers had a number of improvements to make to material flow, inventory, and on-time delivery rates. The company needed to reduce waste in its manufacturing plan and provide a quicker response to customers to meet a goal of improving its competitive position. Terog sought assistance from Minnesota Technology, Inc. (MTI), a NIST MEP network affiliate.

##### Solution:

MTI launched a program to introduce lean manufacturing concepts to Terog Manufacturing's employees. These efforts were aimed at reducing excess inventory, improving on-time shipment, and improving response time to customers requests. First, MTI provided conceptual lean training to Terog's entire workforce. Then MTI connected the company with Spectrum MPI Group, an MTI partner organization specializing in lean flow and synchronous manufacturing, which helped Terog implement a new inventory management system. Meanwhile, MTI helped Terog initiate a "pull" flow management system and trained the company's employees to become efficient in the new environment. Daily communication meetings ensure that information is distributed and an atmosphere of cooperation is fostered. Finally, MTI helped Terog shift production measurements to reflect customer needs more closely.

##### Results:

Reduced lead time from 5 to 7 days to 1 to 2 days.  
Decreased work-in-process inventory by 21 percent.  
Reduced finished goods inventory by 69 percent.  
Decreased assembly shortages by 93 percent.  
Increased on-time delivery rate from 45 percent to 80 percent.

##### Testimonial:

[www.mep.nist.gov](http://www.mep.nist.gov)



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"We involved everyone in the improvement process through training, measures, and daily communication meetings. As a result, all actively participate in satisfying the customers, and the results speak for themselves. Minnesota Technology, Inc.'s involvement was truly "hands-on" and critical to the success of the initiative."

Tom Rogus, President